

**Staff's Proposed Modifications to the
Carl Moyer Program Guideline Revisions**
Presented at the March 27, 2008 Board Meeting

Proposed changes to text shown in ~~strikeout~~ underline format.

Proposed modifications are presented in three sections:

- (1) Modifications regarding Carl Moyer Program coordination with the Proposition 1B: Goods Movement Emission Reduction Bond Program;
- (2) Modifications to reflect the U.S. EPA Locomotive and Marine Compression-Ignition Engine Rule finalized on March 14, 2008, and to ensure Carl Moyer Program funded projects are surplus to the Final Rule; and
- (3) Other minor clarifications to the Proposed Guideline text.

**Section 1: Proposed Modifications to Coordinate with the
Proposition 1B Goods Movement Emission Reduction Bond Program**

Chapter 4: On-Road Fleet Modernization

Page IV-1, Part II:

~~The maximum percent of total project costs eligible for Carl Moyer program fleet modernization funding is 50 percent.~~ The maximum percent total project costs eligible for Carl Moyer Program fleet modernization program funding depends upon fleet size. All eligible vehicles in a fleet of five vehicles or less may receive up to 80 percent to the vehicle cost. All eligible vehicles in a fleet of six vehicles or may receive up to 50 percent of the vehicle cost. Project participants must certify as to the size of their existing fleet in their project application and project contract. Fleet size is based upon the number of vehicles (inclusive of all heavy-duty vehicle classes and model years) under the fiduciary control of the project participant at the time of project contract execution. ~~This~~ The maximum funding percentage is calculated based upon the invoice price for new replacement vehicles

Page IV-9, Part IV, Section (f)(4):

- (4) The maximum reimbursement for all awards, except school bus projects, will be the lesser of either: (a) ~~50 percent of the used truck value or 50 percent of the invoiced price of a new truck (this value is consistent with the Proposition 1B Bond funding)~~ 80 percent of the used truck value or the invoiced price of a new truck for fleets of five or less, or, for fleets of six or more, 50 percent of the used truck value or 50 percent of the invoiced price of a new truck, or (b) the maximum calculated incentive.

Chapter 8: Locomotives

Page VIII-4, Part IV, Section (a):

- (1) Class 1 freight locomotive projects in California's goods movement trade corridors, as defined in Section VI (Definitions) of this chapter, are only eligible for Carl Moyer Program funding on a case-by-case basis. Case-by-case project approval shall only be made if Proposition 1B Goods Movement Emission Reduction Program bond funding is unavailable for these projects.
 - (A) Proposition 1B Goods Movement Emission Reduction bond funding is considered available for locomotive projects in a goods movement corridor each fiscal year from the time a local agency within the corridor is approved bond funding by ARB for locomotive projects until all bond locomotive project funds in that corridor are committed to specific projects via executed contract.
 - (B) Locomotives that can not meet bond program eligibility requirements for percent of operation within California as determined during the project case-by-case evaluation are not subject to the requirements of Section (A), above.
 - ~~(A) In order for a Class 1 freight locomotive project to receive Carl Moyer program funding on a case-by-case basis, an air district within a goods movement corridor must: 1) make a good faith effort to apply for available Proposition 1B locomotive project funding, and 2) make these funds reasonably available for locomotive projects.~~
 - ~~(B) A Class 1 freight locomotive project may be considered for funding on a case-by-case basis if the applicant: 1) has submitted a complete and eligible application for Proposition 1B Bond funding for the project locomotive and been denied funding, or 2) demonstrates that Proposition 1B Bond funding has been depleted or is otherwise unavailable.~~
 - ~~(C) A Class1 freight locomotive project within a goods movement corridor shall not be considered for funding on a case-by-case basis due to an unwillingness or inability of the applicant to meet Proposition 1B Bond program criteria, such as percent operation in California or minimum project life.~~

Page VIII-8, Part IV, Section (d)(3):

- (3) The Carl Moyer Program may pay up to the following percentage of the total cost of a U.S. EPA-certified remanufacture kit or repower:
 - (A) Class 1 ~~or Passenger~~ Railroad Locomotive – 50 percent
 - (B) Class 3 Railroad/Passenger Locomotive: ~~85 percent~~
 - Tier 0+: 75 percent
 - Tier 1+: 80 percent
 - Tier 2+: 85 percent

Section 2: Proposed Modifications to Reflect the Final U.S. EPA Locomotive and Marine Engine Rule (March 14, 2008)

Chapter 8: Locomotives

Page VIII-1:

**Table 8-2:
Maximum Percent Funding for Carl Moyer Program Locomotive Projects**

Railroad Class	Alt. Technology Switcher	Idle Limiting Device (ILD)	Repower or Certified Remanufacture Kit
Class 1 or Passenger	50 percent	not eligible	50 percent
Class 3 <u>and</u> Passenger	<u>85 percent</u>	50 percent (passenger locomotives on case-by case basis)	Tier 0+: 75 percent* Tier 1+: 80 percent* Tier 2+: 85 percent*

*** “+” is used to refer to the new federal locomotive engine remanufacture standards.
(U.S. EPA, 2008)**

The proposed modifications to Table 8-2 indicate that ILD devices are only eligible for funding on a case-by-case basis. This is needed since ILD installation is required by new federal locomotive regulations during passenger locomotive engine remanufacture. [Passenger locomotive funding caps have also been adjusted since they do not need to align with those for Proposition 1B funds (passenger locomotives are not eligible for Bond funds)].

Page VIII-2:

- **Federal Locomotive Remanufacture Emission Standards:** Federal locomotive remanufacture emission standards require locomotives originally manufactured in 1973 or later to meet specific emission standards whenever they are rebuilt or remanufactured. In ~~April 2007~~ March 2008, U.S. EPA ~~proposed~~ finalized more stringent remanufacture emission standards for locomotives, identified in tables 8-3. These standards, ~~which have not been finalized as of February 1, 2008, would~~ tighten NOx remanufacture standards by up to 22 percent and PM standards by 30 to 75 percent ~~from the previous standards.~~ The new federal Tier 0, Tier 1, and Tier 2 standards are designated as Tier 0+, Tier 1+, and Tier 2+, to distinguish them from the “old”, less stringent standards. If a locomotive does not already have an ILD, an ILD must be installed when the locomotive engine is remanufactured. Class 1 and Class 2 freight locomotives and all intercity passenger and commuter passenger locomotives are subject to these requirements. Class 3 freight railroad locomotives, small passenger locomotives related to tourism, and locomotives manufactured before 1973 are exempt from this element of ~~both existing and proposed~~ federal standards.
- **Federal Emission Standards for New Locomotives:** The second component of federal locomotive standards requires all newly manufactured locomotives meet the emission standards. In ~~April 2007~~ March 2008, U.S. EPA ~~proposed~~ finalized Tier 3 and 4 new

locomotive emission standards, identified in Tables 8-4. Tier 3 standards ~~as proposed~~ would primarily target switch locomotives, tightening NOx standards by nearly 40 percent and PM standards by two-thirds compared to Tier 2 standards. ~~Proposed~~ Tier 4 standards would target both line-haul and switch locomotives. Compared to Tier 2 standards, allowable NOx ~~would be~~ is reduced by over 75 percent and PM by 85 percent. Tier 3 and 4 standards would phase-in beginning in 2011.

Page VIII-3:

Table 8-3:
Federal Emission Standards for Remanufactured Locomotives
(g/bhp-hr)

Locomotive Type	Implementation Date	HC	NOx	PM
		Tier 0 (1973 – 2001 model years)		
Line-haul/ Passenger	Existing Pre-2008	1.00	9.5	0.60
	2008 as available, 2010 required*	0.55	7.4**	0.22**
Switcher	Existing Pre-2008	2.10	14.0	0.72
	2008 as available, 2010 required*		11.8	0.26
		Tier 1 (2002 – 2004 model years)		
Line-haul/ Passenger	Existing Pre-2008	0.55	7.4	0.45
	2008 as available, 2010 required*			0.22
Switcher	Existing Pre-2008	1.20	11.0	0.54
	2008 as available, 2010 required*			0.26
		Tier 2 (2005+ model years)		
Line-haul/ Passenger	Existing Pre-2008	0.30	5.5	0.20
	2008 as available, 2013 required*			0.10
Switcher	Existing Pre-2008	0.60	8.1	0.24
	2008 as available, 2013 required*			0.13

Federal carbon monoxide (CO) standards not included in table.

* Reflects requirements of ~~proposed 2008~~ federal locomotive remanufacture standards (2007).
(Tier 0+, Tier1+, and Tier 2+)

**Tier 0 standards for line-haul locomotives without separate loop intake air cooling are 8.0 g/bhp-hr NOx and 1.00 g/bhp-hr HC.

Page VIII-4, Table 8-4:

Table 8-4:
Proposed Federal Emission Standards for New Locomotives
 (g/bhp-hr)

Locomotive Type	Implementation Date	HC	NOx	PM
Tier 2				
Line-haul/ Passenger	Existing	0.30	5.5	0.20
Switcher	Existing	0.60	8.1	0.24
Tier 3				
Line-haul/ Passenger	2012*	0.30	5.5	0.10
Switcher	2011*	0.60	5.0	0.10
Tier 4				
Line-haul/ Passenger	2015 and later*	0.14	1.3	0.03
Switcher	2015*			

* Reflects requirements of ~~proposed~~ new federal locomotive standards (2007~~8~~). Tier 0 and Tier 1 new locomotive emission standards may be found in the 2005 Carl Moyer Program Guidelines.

Page VIII-5, Part IV, Section (a)(3):

- (3) ~~Military and industrial locomotives and locomotives owned or operated by Class 2 railroads~~ are subject to the same Carl Moyer Program criteria as Class 3 railroad locomotives. Class 2 railroad locomotives are subject to the same federal remanufacture requirements as Class 1 locomotives. There are currently no Class 2 railroad operators based in California. Should a Class 2 railroad apply for Carl Moyer Program funds, project eligibility and parameters shall be evaluated on a case-by-case basis. Section VI of this chapter provides definitions of Class 1, 2, and 3 railroads.

Page VIII-6, Part IV, Section (b), add the following sentence to the end of the introductory paragraph:

U.S. EPA considers an alternative technology switcher a new locomotive if it includes at least 75 percent (by value) new parts.

Page VIII-6, Part IV, Section (b)(1), second sentence:

New locomotives with an aggregate engine power rating greater than or equal to 1,006 horsepower (750 kW) must be ~~certified~~ demonstrated by U.S. EPA to achieve this emission level (or cleaner).

This proposed change reflects the fact that U.S. EPA test data on the referenced webpage must demonstrate the new locomotive achieves 3.0 g/bhp-hr NOx and 0.1 g/bhp-hr PM. These do not reflect the federal certification levels.

Page VIII-6, Part IV, Section (b)(2):

- (2) Baseline emissions for an alternative technology switcher project reflect Tier 04 emission rates for Class 1 and intercity passenger and commuter locomotives, and uncontrolled emission rates for Class 3 locomotives and small passenger locomotives related to tourism. The cost of an alternative technology switcher eligible for Carl Moyer Program funding shall not exceed 50 percent of the total cost of the new switcher for Class 1 railroads ~~switchers~~ or intercity passenger and commuter railroads, and 85 percent of the total cost of the new switcher for Class 3 railroads ~~switchers~~ or small passenger railroads related to tourism.

Page VIII-7, Part IV, Section (c):

- (5) Benefits of an AESS are reflected by applying the ILD factor to the newer locomotive engine only if: 1) the project locomotive is operated by a Class 3 railroad or passenger railroad; 2) the baseline engine does not have a functioning...

Page VIII-7, Part IV, Section (c), add the following bullet:

- (6) Installation of an ILD is required by U.S. EPA for intercity passenger and commuter locomotives when these locomotives are remanufactured, if the locomotive does not already have a functioning device. Therefore, an ILD is only eligible for funding on a case-by-case basis if it is not federally required (i.e. not part of an engine remanufacture) and it can be demonstrated that the project locomotive will not be remanufactured for at least three years. The project life for an intercity passenger or commuter locomotive ILD project shall not exceed the number of years until the next engine remanufacture. U.S. EPA considers an engine to have been remanufactured if all of the power assemblies have been replaced within a five year period.

Page VIII-8, Part IV, Section (d), add the following bullet after bullet (1) and renumber the subsequent bullets:

- (2) Projects which include a replacement of between 50 and 75 percent (by value) of an existing locomotive's parts with new parts (including conventional new engine technology) are defined as "locomotive refurbishment" by U.S. EPA. Refurbished locomotives with less than 3000 engine horsepower that are at least 30 percent cleaner than the standard applicable to the baseline locomotive are eligible for Carl Moyer Program funding as a locomotive repower project. These projects must meet all the requirements of locomotive repower projects, including the eligible costs criteria identified in Section IV(d)(7) of this chapter. A refurbished locomotives which is demonstrated by U.S. EPA not to exceed 3.0 g/bhp-hr NOx and 0.1 g/bhp-hr PM, consistent with Section IV(b)(1) of this chapter, shall be considered alternative technology switcher and is subject to alternative technology switcher project criteria.

- (89) Locomotive engine remanufacture and engine repower projects must achieve at least a 30 percent NOx reduction beyond baseline emission levels. ~~Conventional clean locomotive technology that achieve the applicable federal locomotive emission standards for PM and hydrocarbon emissions, and a NOx emission rate at least 30 percent below existing standards (as shown in Table 8-4) are eligible for funding on a case-by-case basis.~~

Page VIII-10, Part VI:

Class 2 Freight Railroad: A freight railroad with an annual operating revenue of between \$25.5 million and \$319.3 million as of 2005 is considered a Class 2 freight railroad. As of October 2007, there are no Class 2 freight railroads based in California.

Class 3 Freight Railroad: Any freight railroad not included as a Class 1 or Class 2 railroad, including but not limited to short-line railroads and military and industrial railroads.

Page VIII-11, add the following reference:

U.S. EPA, 2008. Final Rule: Control of Emissions from Locomotive Engines and Marine Compression-Ignition Engines Less than 30 Liters per Cylinder; March 14, 2008.

Chapter 9: Marine Vessels

Page IX-3, first bullet:

- U.S. EPA Harbor Craft Emission Standards: U.S. EPA harbor craft emission standards, ~~adopted in 1999,~~ apply to new diesel-powered engines with a displacement of up to 30 liters per cylinder. ~~Existing Tier 2 standards apply to both propulsion and auxiliary engines and were phased-in based on engine size between 2004 and 2007. (For more information regarding existing federal harbor craft engine standards, please see the U.S. EPA Diesel Ships and Boats webpage at: www.epa.gov/otaq/marine.htm)~~ U.S. EPA adopted ~~proposed~~ Tier 3 and 4 new harbor craft engine emission standards in ~~April 2007~~ March 2008. ~~Proposed Tier 3 standards would tighten NOx limits by about 20 percent and PM by 25 to 60 percent, depending on engine size, compared to Tier 2 standards. Aftertreatment-based Tier 4 standards as proposed would reduce allowable NOx by up to 85 percent and PM by up to 95 percent as compared to Tier 2 standards, depending on the horsepower. Tier 3 standards begin phasing in for some of the smallest marine engines in 2009. The new U.S. EPA rule also requires most marine engines with greater than 800 horsepower meet remanufacture emission standards upon remanufacture if a certified remanufacture kit is available to meet these standards. (For more information regarding existing federal harbor craft engine standards, please see the U.S. EPA Diesel Ships and Boats webpage at: www.epa.gov/otaq/marine.htm)~~

Add the following bullet on page IX-4. Existing bullets 9 through 14 would be renumbered as bullets 10 through 15.

- (9) U.S. EPA Harbor Craft Emission Standards, finalized on March 14, 2008, require most harbor craft engines greater than 800 horsepower meet remanufacture emission standards upon remanufacture if a certified remanufacture kit is available. Pre-1973 model year engines and fleet owners and operators with less than \$5 million in gross annual sales revenue are exempt from this aspect of the federal regulation. Since this new federal requirement has the potential to impact the default baseline emission level for a Carl Moyer Program project, vessels with a baseline engine greater than 800 horsepower shall be evaluated for funding on a case-by-case basis. District staff must consult with ARB prior to funding such a project to determine project parameters.

Page IX-14, add the following reference:

U.S. EPA, 2008. Final Rule: Control of Emissions from Locomotive Engines and Marine Compression-Ignition Engines Less than 30 Liters per Cylinder; March 14, 2008.

Appendix B: Tables for Emission Reduction and Cost-Effectiveness Calculations

Table B-18a
Locomotive Emission Factors (g/bhp-hr)
Based on 1998 Federal Standards

Engine Model Year	Type	NOx ^a	ROG ^b	PM10 ^a
Pre-1973	Line-haul and Passenger	12.22	0.51	0.275
	Switcher	16.36	1.06	0.378
1973-2001 Tier 0	Line-haul and Passenger	8.08	0.51	0.275
	Switcher	11.84	1.06	0.378
2002-2004 Tier 1	Line-haul and Passenger	6.30	0.49	0.275
	Switcher	9.31	1.06	0.370
2005-2011 Tier 2	Line-haul and Passenger	4.70 <u>4.65</u>	0.27	0.138 <u>0.155</u>
	Switcher	6.86	0.54	0.163

Emission factors based upon U.S. EPA Locomotive Emission Standards Regulatory Support Document (April, 1998). These factors are to be used for the project baseline emissions if the baseline locomotive is certified or required to be certified to the 1998 federal locomotive remanufacture standards, and for the reduced emission locomotive if the project locomotive is remanufactured to these 1998 standards. Factors are based upon Regulatory Impact Analysis: Final U.S. EPA Locomotive Regulation (2008).

a - NOx and PM10 emission factors have been adjusted by a factor of 0.94 and 0.86, respectively, to account for use of California ultra-low sulfur diesel fuel.

b - ROG = HC * 1.053

Table B-18b
Locomotive Emission Factors (g/bhp-hr)
Based on 2008 Federal Standards

<u>Engine Model Year</u>	<u>Type</u>	<u>NOx^a</u>	<u>ROG^b</u>	<u>PM10^a</u>
<u>1973-2001</u> <u>Tier 0+</u>	<u>Line-haul and</u> <u>Passenger</u>	<u>6.77</u>	<u>0.32</u>	<u>0.172</u>
	<u>Switcher</u>	<u>9.98</u>	<u>0.60</u>	<u>0.198</u>
<u>2002-2004</u> <u>Tier 1+</u>	<u>Line-haul and</u> <u>Passenger</u>	<u>6.30</u>	<u>0.31</u>	<u>0.172</u>
	<u>Switcher</u>	<u>9.31</u>	<u>0.60</u>	<u>0.198</u>
<u>2005-2011</u> <u>Tier 2+</u>	<u>Line-haul and</u> <u>Passenger</u>	<u>4.65</u>	<u>0.14</u>	<u>0.069</u>
	<u>Switcher</u>	<u>6.86</u>	<u>0.27</u>	<u>0.095</u>
<u>2011-2014</u> <u>Tier 3</u>	<u>Line-haul and</u> <u>Passenger</u>	<u>4.65</u>	<u>0.14</u>	<u>0.069</u>
	<u>Switcher</u>	<u>5.07</u>	<u>0.27</u>	<u>0.069</u>

These factors are to be used for the project baseline emissions if the baseline locomotive is certified or required to be certified to the new (2008) federal locomotive remanufacture standards, and for the reduced emission locomotive if the project locomotive is remanufactured to the new standards or meets Tier 3 standards. Factors are based upon Regulatory Impact Analysis: Final U.S. EPA Locomotive Regulation (2008).

a - NOx and PM10 emission factors have been adjusted by a factor of 0.94 and 0.86, respectively, to account for use of California ultra-low sulfur diesel fuel.

b - ROG = HC * 1.053

Section 3: Proposed Modifications for Clarification and to Address Typographical Errors

Chapter 1: Program Overview

Page I-7, second sentence:

However, for fleet modernization projects, the Carl Moyer Program may only fund replacement of ~~pre-1990~~ pre-1991 model year trucks, while the bond allows for replacement of 2003 and older model year trucks.

Chapter 5: Off-Road Compression Ignition Engines

Page V-3, Part III:

Table 5-2
In-Use Off-Road Diesel Vehicle Regulation Initial Compliance Dates and Regulatory Requirements

Fleet Size	Description*	Initial Compliance Date	Regulatory Requirements
Large	> 5000 HP	March 1, 2010	PM and NOx
Medium	>2,500 to 5,000 HP and fleets <2,500 HP that are not small businesses or local municipal fleets	March 1, 2013	PM and NOx
Small	0 to 2,500 HP and are a business, non-profit organization or training center, or local municipal fleet	March 1, 2015	NOx <u>PM</u>

* Complete fleet size definitions may be found in Section VI.

The proposed modifications to Table 5-2 corrects a typographical error.

Page V-11, Part VI:

Captive Attainment Area Fleet: a fleet, regardless of size, or an identified subpart of the fleet (fleet portion, consistent with section 2449(d)) in which all of its vehicles the vehicles in the fleet or fleet portion operate exclusively only in within the following counties: Alpine, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Monterey, Plumas, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz, Shasta, Sierra, Siskiyou, Trinity, Tehama, and Yuba. Fleets that operate one or more vehicles outside the counties listed above may not be defined as captive attainment area fleets. A fleet or identified fleet portion that operates one or more vehicles outside the counties listed above is not a captive attainment area fleet.

The proposed modifications to the definition above reflect 15-day changes to ARB's Off-Road Rule.

Chapter 6: Off-Road Large Spark-Ignition Equipment

Page VI-2; Part III, second paragraph; last sentence and following table:

The compliance dates shown in Table 6-42 below with the fleet average requirements are for the impacted fleets of forklift equipment, sweepers/ scrubbers, industrial tow tractors, and/or pieces of airport ground support equipment.

Table 6-2
Fleet Average Emission Level Requirement
(g/bhp-hr HC + NOx)

Fleet Type	Compliance Dates		
	1/1/2009	1/1/2011	1/1/2013
Large Forklift Fleet (26+)	2.4	1.7	1.1
Medium Forklift Fleet (4-25)	2.6	2.0	1.4
Large or Medium Non-forklift Fleet	3.0	2.3 <u>2.7</u>	1.7 <u>2.5</u>

The proposed modifications to Chapter 6-2 address a typographical error.

Chapter 8: Locomotives

Page VIII-4, Part IV, Section (a), add the following bullet:

- (9) Projects in which a Carl Moyer Program grant is made to a locomotive manufacturer or other third party, who in turn leases the project locomotive to an end user are eligible for funding on a case-by-case basis. Project eligibility shall be based upon project life, lease terms, reporting and enforceability provisions, and other project parameters.

The proposed addition of bullet (9), above, is to clarify requirements for this project type.

Chapter 9: Marine Vessels

Page IX-4, Part IV, Section (a):

- (9) ~~Funding is not available for projects where spark-ignition engines (i.e. natural gas or gasoline, etc.) are replaced with diesel engines.~~ only available for retrofit or repower projects if the baseline engine is a diesel engine.

The proposed edit to bullet (9) makes the criteria consistent with Carl Moyer Program statutory requirements for marine vessel projects. (HSC § 44275(a)(7))

Page IX-10, Part IV, Section (c)(12), first sentence after the equation:

~~Three hours shall be subtracted from each ship's per visit berthing time to account for~~
Estimated berthing time shall include the time needed to connect and disconnect the
vessel to shore power.

The proposed edit to Section (c)(12) reflects the fact that time for connection and disconnection to shore power may vary by berth and vessel type.

Excursion Vessel: ~~An excursion vessel is any vessel used for a short trip or outing, usually for a special purpose and with the intent of a prompt return, such as a dinner cruise, harbor, lake or river tour, scuba diving expedition, or whale watching tour.~~ any self-propelled vessel that transports passengers for purposes including, but not limited to, dinner cruises; harbor, lake, or river tours; scuba diving expeditions; and whale watching tours. Excursion vessels do not include crew and supply vessels, ferries, and recreational vessels.

The proposed modification to the definition of excursion vessel is to align the definition with that in ARB's Harbor Craft Rule fifteen day change package.

Shore Power: Shore power refers to shutting down auxiliary engines on oceangoing or passenger ships while in port ...

The proposed modification to the definition of shore power clarifies that excursion vessels shore power projects are an eligible Carl Moyer Program project category.

Chapter 10: Agricultural Sources

Page X-6; Part IV, Section (b)(5), table:

Horsepower range	Project Life
< 100 hp	3 year project life through 12/31/08
	2 year project life through 12/31/09
	1 year project life through 12/31/10
100-750 hp	2 year project life through 12/31/08
	1 year project life through 12/31/09
> 750 hp	<u>6 year project life through 12/31/08</u>
	<u>5 year project life through 12/31/09</u>
	<u>4 year project life through 12/31/10</u>
	3 year project life through 12/31/11
	2 year project life through 12/31/12
	1 year project life through 12/31/13

The proposed change to Chapter 10 is to clarify the maximum allowable project life.

Part III, Program Administration

Page 4, Section 5(a)(4):

- (M) Details regarding program components identified in the following sections of this chapter: 13(d), 14(c), 18(a), 27(l), 30(b), 30(e), 30(f), 31(a), 31(c), 33(c), and 35(c).

Page 7, Section 8(c)(1):

- (1) Initial Disbursement: A district may request an initial disbursement of up to ten percent of ~~their~~ its allocation or \$100,000, whichever is greater. A

district also has the option to receive an initial allocation up to an amount for which funds have been committed to specific, eligible projects.

A district in good standing may receive its initial disbursement without demonstrating expenditure, contract execution, or commitment of prior year funds. In order to receive an initial disbursement, a district which is not in good standing must demonstrate expenditure of all funds awarded by ARB to the district two calendar years prior and contract execution for 90 percent of the funds awarded by ARB to the district in the previous calendar year ~~to specific projects~~. Tracking of progress may be done cumulatively, consistent with Sections 18 through 20 of this chapter.

~~Districts in good standing may request an initial allocation of more than ten percent up to an amount for which funds have been committed to specific, eligible projects. Districts in good standing may also receive an initial disbursement of ten percent of their allocation without demonstrating expenditure, contract execution, or commitment of prior year funds.~~

The proposed edits to program administration language (above) are intended to clarify and simplify how districts may receive their funding disbursements.

Page 15 and Table 5:

**Table 5:
Expenditure Liquidation Deadlines for Earned Interest**

Fiscal Year	<u>Expenditure Liquidation</u> Deadline
Years 1-7	June 30, 2009
Year 8 (FY 2005-06)	June 30, 2010
Year 9 (FY 2006-07)	June 30, 2011
Year 10 (FY 2007-08)	June 30, 2012
Year 11 (FY 2008-09)	June 30, 2013
Year 12 (FY 2009-10)	June 30, 2014

The proposed edits to Table 5 (above) make the table consistent with the liquidation requirement identified in Section 13(d).

Appendix E

Page E-30, Locomotive Example 2:

Baseline Technology Information:

- Locomotive emission factor (Tier 4 0, Table B-18)²: 11.84 g/bhp-hr NO_x, 1.06 g/bhp-hr ROG, 0.378 g/bhp-hr PM

The proposed edit to Locomotive Example 2 corrects a typographical error.